

REINSURANCE AUCTION PROCESS

Abstract of Disclosure

An insurance auction process comprises preliminary steps of establishing a network of participating insurers and establishing an insurance capacity for each participating insurer. Upon receipt of a request for insurance from a cedent, an underwriting analysis of the request for insurance is performed by the sponsor of the auction and underwriting report is produced. The request for insurance and the underwriting report are posted enabling participating insurers to submit bids to cover a portion of the insurance. Each bid includes a maximum percentage of insurance offered and a rate. After receiving the bids, the sponsor selects those bids which fulfill the request for insurance at an optimized rate and offers those bids, as an insurance proposal, to the cedent. The sponsor may guarantee payment of claims by the insurers, and if it does it assesses a credit risk charge to the rate charged to the cedent.

Figures

Figure 1: A vertical strip of text, likely a page number or figure identifier, located on the left margin of the page.